

MEETING OF THE SECRETARIES OF STATE, WAR AND NAVY
November 14, 1945, 10:00 a.m.

Present:

The Secretary of State

The Secretary of War
accompanied by Robert A. Lovett, Assistant
Secretary of War for Air and Colonel
Charles W. McCarthy.

The Secretary of the Navy
accompanied by Major ~~Corras~~

Mr. Matthews

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1/28/91

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Central Intelligence Agency

Mr. Forrester said that there was only one matter that he wished to discuss, namely, the question of a Central Intelligence Agency and referred in this connection to the President's directive to Admiral Leahy. Mr. Byrnes said that Admiral Leahy had not been aware of the fact that at present no law exists authorizing the establishment of a central intelligence organization and that, consequently, no definitive action can be taken until the Government reorganization law is passed. He expected that this might take place in two or three weeks. He would be glad, however, to consider the framework of the organization to be set up and thought we should take the several plans submitted into consideration and try to integrate and reconcile them. Mr. Patterson said that Mr. Lovett had been devoting a great deal of time to the study of the problem and he would like to have him give an account of his conclusions.

Mr. Lovett then circulated a summary of a report of his committee dated November 3, 1945 (copy attached as annex 1). He said that there are three aspects which his committee had covered: (1) the general survey; (2) the external problem; and (3) the internal problem within the War Department. He said his committee had called many people as witnesses including those who had worked on the British "ultra" and "Y" systems. They had gone into all phases of espionage and clandestine work and he was convinced that it must be centralized. His committee reached the conclusion that a National Intelligence Authority and a Central Intelligence Agency should both be established as soon as possible. The former should be composed of the Secretaries of State, War and Navy and a representative of the Joint Chiefs of Staff. It should be empowered to formulate policies which would be binding upon the Central Intelligence Agency and all intelligence activities of other Government departments. The Central Intelligence Agency would be headed by a Director to be appointed or removed by the President on recommendation

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of the National Intelligence Authority. Within the Central Intelligence Agency, he said, there should be constituted a "reading panel" or Intelligence Board on which, in addition to the War, Navy and Air Staffs, the principle civilian intelligence agencies would be represented. This board would be expected to study and evaluate intelligence facts and its reports would represent the combined views of the members. Where a difference of opinion existed, however, the report would likewise contain the dissident views. This Mr. Lovett thought was an important aspect and he believed the failure of the German Intelligence Service to permit a presentation of dissenting views was largely responsible for its breakdown. The British service, he felt, was greatly superior. In the first place it possessed continuity and the technical composition of the British Intelligence Service permitted it to divorce the factual aspects of their findings from political creed. He pointed out that the four top German Intelligence Officers had been executed for political reasons. The result was that German Intelligence authorities were afraid to interpret facts which might be contrary to Nazi policy. A shining example of this was the failure of the German Intelligence Service to anticipate our North Africa landings and led them to express their conclusion that there was inadequate Allied shipping to support such an operation. When we send our people out, such as Ambassadors, with the outlook of our national policy we are bound to get reports which are colored to a certain extent. He said the Italian Intelligence Service was better and more factual than the German. At present he believes that we are in a better situation than the British, having more than a hundred good contact agents, and mentioned particularly our close intelligence relationships established during the war with Czechoslovakia and the Dutch. These contacts are, however, based on considerations of personal confidence and unless some decision is promptly reached on our future intelligence set-up, we are in danger of losing what we have built up.

Mr. Lovett said that an advantage of the system he proposed lay in the fact that conclusions would be reached not by one man but by a board thus avoiding the danger of having a single slanted view guide our policies. As an example of this danger, he pointed to the error of our intelligence service in predicting that Russia couldn't last six weeks. Furthermore, overt and special intelligence under his plan are fitted in with clandestine intelligence. Mr. Byrnes said that the Budget report on this question seemed to be very elaborate and he would not agree with it all through. One difficulty, he said, is that so much intelligence is accumulated that it cannot be read. Mr. Lovett said that intelligence is a very involved subject. It includes: (1) the collection of information, (2) the accurate interpretation of information, and (3) the proper dissemination of information. We must first reach the impartial view on the facts and then get the information where it is needed. Suspicion, distrust and jealousy seem to be the occupational diseases of anyone dealing with

intelligence.

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intelligence. They cancel out a lot that seems to be apparent. It is important that operations should be centralized. He cited the case where OSS agents in Lisbon stole a Japanese code which had long been in the possession of our G-2 cryptanalysts and thus "gummed up" the situation by causing the Japanese to change codes. Mr. Forrestal agreed that it is important that the policy aspect should not be so strong as to prejudice our intelligence evaluations. He remarked that Colonel Truman Smith had "his head cut off" because people here did not wish to believe that Germany was strong enough to accomplish what she did.

Referring to the Budget Bureau's plan Mr. Lovett said that it was too loose and had too many aspects of a town meeting. Mr. Byrnes said that he did not like the joint commission it provided for which included, for example, the Department of Commerce. He furthermore, did not like the emphasis on research and analysis to the degree it had been given. The Budget report, he said, pointed out that we had had to improvise during the war in many matters of industrial intelligence which should have been prepared long before. The plan was too elaborate, he felt, and too big. While it contemplated a Central Intelligence Agency it left operations in each separate Department. The argument against duplication still holds against the Budget Bureau proposal.

Mr. Lovett said that in his opinion the Budget project fails in three respects: (1) it provides for very loose coordination; (2) it provides for multiple collecting agencies which is bad in clandestine intelligence. Frequently they might operate against each other. There should, he feels, be only one operating agency dealing with espionage; (3) it treats the problem as though the Cabinet members were going to operate it. This in practice is impossible.

There was some discussion of the role of the FBI and there was general agreement that intelligence should be divorced from police powers. Mr. Lovett thought that when you put both in the hands of a single agency the result is a "gestapo". On the other hand, he felt, that the FBI should be on the reading panel because they have the best personality file in the world. Also, the FBI is expert on the production of false documents which we developed so successfully during the war and at which we became outstandingly adept.

Mr. Byrnes said that it was apparent that all were in favor of a central agency. He mentioned that the Budget report minimized the value of clandestine espionage and inquired as to the authorship of the report. Mr. Lovett said that he understood that it had been written by Mr. Donald Stone and Mr. Schwarzwolder. Mr. Byrnes and Mr. Patterson suggested the appointment of a working committee to get at the problem as quickly as possible since the existing organization is rapidly disintegrating and funds for certain units are available only until January 1. Mr. Byrnes appointed Mr. Russell and Mr. McCormack to represent the State Department and

suggested

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suggested that each Department have two representatives. Mr. Patterson appointed Mr. Lovett. (The second name given later was General George Brownell and Mr. Forrestal later named Rear Admiral Sauers and Major Correa.)

Mr. Patterson inquired whether anyone knew of a good man for the important position of Director of Intelligence. Mr. Lovett said the only name he had heard mentioned was that of Allen Dulles who was generally regarded as highly competent in that field. He had organized the best job of the OSS in Switzerland.